

Village of Richland, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended February 29, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF RICHLAND	County KALAMAZOO
Audit Date 2/29/04	Opinion Date 4/8/04	Date Accountant Report Submitted to State: JULY 6, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) SIEGFRIED CRANDALL P.C.			
Street Address 246 EAST KILGORE ROAD	City KALAMAZOO	State MI	ZIP 49002
Accountant Signature		Date	

CONTENTS

	<i>Page</i>
INDEPENDENT AUDITORS' REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined balance sheet - all fund types and account groups	4
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	5
Combined statement of revenues, expenditures, and changes in fund balances - budget and actual - general and special revenue funds	6
Notes to financial statements	7 - 12
SUPPLEMENTARY INFORMATION:	
Governmental fund types:	
Balance sheet - General Fund	13
Statement of revenues, expenditures, and changes in fund balance - budget and actual - General Fund	14 - 16
Combining balance sheet - special revenue funds	17
Combining statement of revenues, expenditures, and changes in fund balances - special revenue funds	18
Statement of revenues, expenditures, and changes in fund balance - budget and actual:	
Major Street Fund	19
Local Street Fund	20
Water Improvement Fund	21
Sidewalk Improvement Fund	22
1987 Water Fund	23
Combining balance sheet - debt service funds	24
Combining statement of revenues, expenditures, and changes in fund balances - debt service funds	25
Fiduciary fund types:	
Statement of changes in assets and liabilities - Trust and Agency Fund	26
Schedule of indebtedness	27

INDEPENDENT AUDITORS' REPORT

Village Council
Village of Richland, Michigan

We have audited the accompanying general purpose financial statements of the Village of Richland, Michigan, as of February 29, 2004, and for the year then ended, as listed in the contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Richland, Michigan, as of February 29, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining, individual fund statements, and schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Richland, Michigan. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Siegfried Crandall P.C.

April 8, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

Village of Richland

COMBINED BALANCE SHEET - all fund types and account groups

February 29, 2004

		<u>Governmental fund types</u>		
		<u>General</u>	<u>Special revenue</u>	<u>Debt service</u>
ASSETS				
Cash		\$ 171,342	\$ 210,378	\$ 9,803
Receivables:				
Taxes		3,602	-	-
Special assessments		-	-	234,915
Special assessments - delinquent		-	-	2,137
Accounts		-	-	-
Due from other governmental units		16,081	6,935	-
Fixed assets		-	-	-
Amount available in debt service funds		-	-	-
Amount to be provided for retirement of general long-term debt		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 191,025</u>	<u>\$ 217,313</u>	<u>\$ 246,855</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable		\$ 2,792	\$ -	\$ 7,749
Accrued payroll liabilities		6,879	-	-
Due to other governmental units		10,193	-	-
Deferred revenue		-	-	234,915
Long-term debt		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>19,864</u>	<u>-</u>	<u>242,664</u>
FUND EQUITY:				
Investment in general fixed assets		-	-	-
Fund balance - unreserved, undesignated		171,161	217,313	4,191
		<u>171,161</u>	<u>217,313</u>	<u>4,191</u>
Total fund equity		<u>171,161</u>	<u>217,313</u>	<u>4,191</u>
TOTAL LIABILITIES AND FUND EQUITY		<u>\$ 191,025</u>	<u>\$ 217,313</u>	<u>\$ 246,855</u>

<i>Fiduciary fund type</i>	<i>Account groups</i>		<i>Totals (memorandum only)</i>	
<i>Trust and Agency</i>	<i>General fixed assets</i>	<i>General long- term debt</i>	<i>2004</i>	<i>2003</i>
\$ 2,841	\$ -	\$ -	\$ 394,364	\$ 380,297
-	-	-	3,602	2,979
-	-	-	234,915	303,348
-	-	-	2,137	2,731
-	-	-	-	2,067
-	-	-	23,016	25,286
-	319,627	-	319,627	305,706
-	-	4,191	4,191	6,917
-	-	336,019	336,019	433,726
<u>\$ 2,841</u>	<u>\$ 319,627</u>	<u>\$ 340,210</u>	<u>\$ 1,317,871</u>	<u>\$ 1,463,057</u>
\$ 10	\$ -	\$ -	\$ 10,551	\$ 2,077
-	-	-	6,879	-
2,831	-	-	13,024	11,654
-	-	-	234,915	303,348
-	-	340,210	340,210	440,643
<u>2,841</u>	<u>-</u>	<u>340,210</u>	<u>605,579</u>	<u>757,722</u>
-	319,627	-	319,627	305,706
-	-	-	392,665	399,629
-	319,627	-	712,292	705,335
<u>\$ 2,841</u>	<u>\$ 319,627</u>	<u>\$ 340,210</u>	<u>\$ 1,317,871</u>	<u>\$ 1,463,057</u>

See notes to financial statements

Village of Richland**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - all governmental fund types**

Year ended February 29, 2004

	<u>General</u>	<u>Special revenue</u>
REVENUES:		
Taxes	\$ 234,410	\$ -
Licenses and permits	18,900	-
State grants	49,066	37,267
Local unit contributions	7,390	-
Charges for services	5,888	-
Fines and forfeitures	10,592	-
Interest and rentals	11,746	4,521
Other	<u>1,797</u>	<u>4,099</u>
Total revenues	<u>339,789</u>	<u>45,887</u>
EXPENDITURES:		
Legislative	5,038	-
General government	115,655	-
Public safety	118,061	-
Public works	17,419	49,462
Recreation and culture	24,531	-
Community and economic development	3,898	-
Capital outlay	17,798	-
Debt service:		
Principal	28,401	3,600
Interest	<u>4,323</u>	<u>1,728</u>
Total expenditures	<u>335,124</u>	<u>54,790</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,665</u>	<u>(8,903)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	-	6,100
Transfers to other funds	<u>-</u>	<u>(6,100)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	4,665	(8,903)
FUND BALANCE - BEGINNING OF YEAR	<u>166,496</u>	<u>226,216</u>
FUND BALANCE - END OF YEAR	<u>\$ 171,161</u>	<u>\$ 217,313</u>

<u>Debt service</u>	<u>Totals (memorandum only)</u>	
	<u>2004</u>	<u>2003</u>
\$ -	\$ 234,410	\$ 205,659
-	18,900	20,941
-	86,333	87,937
-	7,390	-
-	5,888	9,194
-	10,592	12,411
15,483	31,750	22,902
<u>67,413</u>	<u>73,309</u>	<u>124,133</u>
 82,896	 468,572	 483,177
-	5,038	4,489
-	115,655	95,213
-	118,061	114,131
-	66,881	57,974
-	24,531	13,159
-	3,898	4,321
-	17,798	32,214
67,413	99,414	115,355
<u>18,209</u>	<u>24,260</u>	<u>32,750</u>
 85,622	 475,536	 469,606
 (2,726)	 (6,964)	 13,571
-	6,100	-
<u>-</u>	<u>(6,100)</u>	<u>-</u>
 -	 -	 -
(2,726)	(6,964)	13,571
<u>6,917</u>	<u>399,629</u>	<u>386,058</u>
<u>\$ 4,191</u>	<u>\$ 392,665</u>	<u>\$ 399,629</u>

See notes to financial statements

Village of Richland**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - general and special revenue funds**

Year ended February 29, 2004

	<i>General</i>		<i>Variance favorable (unfavorable)</i>
	<i>Budget</i>	<i>Actual</i>	
REVENUES:			
Taxes	\$ 220,100	\$ 234,410	\$ 14,310
Licenses and permits	18,888	18,900	12
State grants	52,000	49,066	(2,934)
Local unit contributions	7,190	7,390	200
Charges for services	4,700	5,888	1,188
Fines and forfeitures	12,000	10,592	(1,408)
Interest and rentals	9,000	11,746	2,746
Other	3,000	1,797	(1,203)
Total revenues	<u>326,878</u>	<u>339,789</u>	<u>12,911</u>
EXPENDITURES:			
Legislative	5,045	5,038	7
General government	107,185	115,655	(8,470)
Public safety	116,214	118,061	(1,847)
Public works	20,120	17,419	2,701
Recreation and culture	23,950	24,531	(581)
Community and economic development	5,110	3,898	1,212
Capital outlay	18,669	17,798	871
Debt service:			
Principal	28,815	28,401	414
Interest	4,323	4,323	-
Total expenditures	<u>329,431</u>	<u>335,124</u>	<u>(5,693)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,553)</u>	<u>4,665</u>	<u>7,218</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	(4,000)	-	4,000
Total other financing sources (uses)	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(6,553)</u>	<u>4,665</u>	<u>11,218</u>
FUND BALANCE - BEGINNING OF YEAR	<u>166,496</u>	<u>166,496</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 159,943</u>	<u>\$ 171,161</u>	<u>\$ 11,218</u>

<i>Special revenue</i>			<i>Totals (memorandum only)</i>		
<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
\$ -	\$ -	\$ -	\$ 220,100	\$ 234,410	\$ 14,310
-	-	-	18,888	18,900	12
34,500	37,267	2,767	86,500	86,333	(167)
-	-	-	7,190	7,390	200
-	-	-	4,700	5,888	1,188
-	-	-	12,000	10,592	(1,408)
750	4,521	3,771	9,750	16,267	6,517
-	4,099	4,099	3,000	5,896	2,896
<u>35,250</u>	<u>45,887</u>	<u>10,637</u>	<u>362,128</u>	<u>385,676</u>	<u>23,548</u>
-	-	-	5,045	5,038	7
-	-	-	107,185	115,655	(8,470)
-	-	-	116,214	118,061	(1,847)
70,820	49,462	21,358	90,940	66,881	24,059
-	-	-	23,950	24,531	(581)
-	-	-	5,110	3,898	1,212
-	-	-	18,669	17,798	871
3,600	3,600	-	32,415	32,001	414
1,728	1,728	-	6,051	6,051	-
<u>76,148</u>	<u>54,790</u>	<u>21,358</u>	<u>405,579</u>	<u>389,914</u>	<u>15,665</u>
<u>(40,898)</u>	<u>(8,903)</u>	<u>31,995</u>	<u>(43,451)</u>	<u>(4,238)</u>	<u>39,213</u>
10,375	6,100	(4,275)	10,375	6,100	(4,275)
(6,375)	(6,100)	275	(10,375)	(6,100)	4,275
<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(36,898)	(8,903)	27,995	(43,451)	(4,238)	39,213
<u>226,216</u>	<u>226,216</u>	<u>-</u>	<u>392,712</u>	<u>392,712</u>	<u>-</u>
<u>\$ 189,318</u>	<u>\$ 217,313</u>	<u>\$ 27,995</u>	<u>\$ 349,261</u>	<u>\$ 388,474</u>	<u>\$ 39,213</u>

See notes to financial statements

Village of Richland
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Richland, Michigan (the Village), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Village, or primary government. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Village has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Village's financial statements.

b) Basis of presentation:

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Village are recorded in the separate funds and account groups, categorized, and described as follows:

i) Governmental funds:

General Fund - this fund is the general operating fund of the Village. It is to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state distributions.

Special revenue funds - these funds are used to account for the proceeds of specific revenue sources (other than debt service, expendable trusts, or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt service funds - these funds are used to record the funding and payment of principal and interest on debt reported in the general long-term debt account group.

ii) Fiduciary funds:

Trust and Agency Fund - this fund is used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Village of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b) Basis of presentation (continued):

iii) Account groups:

General fixed assets account group - this account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

General long-term debt account group - this account group presents the balance of general obligation long-term debt that is not recorded in proprietary funds.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental and fiduciary fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due. Also, expenditures are not divided between years by the recording of prepaid expenses.

d) Budgets and budgetary accounting:

The Village follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

Budgets for the general and special revenue funds are adopted on a functional level and are consistent with generally accepted accounting principles.

e) Receivables:

All receivables are estimated to be fully collectible.

f) Fixed assets:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infra-structure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Village of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

f) Fixed assets (continued):

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

This account group is not a fund. It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

g) Property tax revenue recognition:

Property taxes are levied as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on July 31 (30 days after the date levied), after which time the bill becomes delinquent and penalties and interest may be assessed by the Village. Property tax revenue is recognized in the year in which taxes have been levied and become available. The Village levy date is July 1, and, accordingly, the total levy is recorded as revenue in the current year.

h) Special assessment revenue recognition:

Special assessment revenue is recorded as deferred when initially assessed. To the extent special assessments are currently due, that is billed, revenue is recognized. Interest income on special assessments receivable is not accrued until its due date.

i) Totals - (memorandum only):

The total column on the combined statements is captioned "memorandum only" to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

j) Comparative data:

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, complete data (i.e., presentation of prior year's totals by fund type) has not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read.

k) Reclassifications:

Certain items presented in the 2003 financial statements have been reclassified to conform to 2004 classifications.

NOTE 2 - CASH:

At February 29, 2004, the Village has deposits with a carrying amount of \$394,364 and a bank balance of \$400,068. Of the bank balance, \$275,737 is covered by federal depository insurance and \$124,331 is uninsured and uncollateralized.

Village of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of year</u>
Building	\$140,585	\$ 9,880	\$ -	\$150,465
Improvements	11,000	-	-	11,000
Equipment	60,112	6,885	1,200	65,797
Vehicles	90,237	-	-	90,237
Office furniture	<u>3,772</u>	<u>-</u>	<u>1,644</u>	<u>2,128</u>
	<u>\$305,706</u>	<u>\$16,765</u>	<u>\$2,844</u>	<u>\$319,627</u>

NOTE 4 - LONG-TERM DEBT:

Long-term debt at February 29, 2004, is comprised of the following:

\$40,000 5.93% Note payable - bank, unsecured, due in monthly installments of \$442, including interest through June 5, 2006	\$ 11,769
\$100,000 4% State Infrastructure Loan, unsecured, due in yearly installments of \$10,656, including interest through September 20, 2012	79,223
\$10,350 4.75% Note payable - bank, unsecured, due in monthly installments of \$237, including interest through September 10, 2005	3,928
\$21,692 4.6% Note payable - bank, unsecured, due in monthly installments of \$496, including interest through January 10, 2006	10,375

The Village has agreed to remit to the Gull Lake Sewer and Water Authority all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Village. The Village has pledged its full faith and credit for the payment of its share of any such deficiency incurred by the Authority. The contract balances at year end are as follows:

Sewer special assessment district	45,909
East DE Avenue special assessment district	429
Bunkerhill special assessment district	94,944
32 nd Street special assessment district	<u>93,633</u>
Long-term debt at end of year	<u>\$340,210</u>

Village of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM DEBT (Continued):

Long-term debt transactions for the year ended February 29, 2004:

Long-term debt at beginning of year	\$439,624
Debt retired	<u>(99,414)</u>
Long-term debt at end of year	<u>\$340,210</u>

The annual requirements to amortize all debt outstanding as of February 29, 2004, including interest payments of \$96,661, are as follows:

February 28,	
2005	\$ 88,762
2006	82,798
2007	70,636
2008	56,647
2009	48,057
2010 - 2012	79,327
2013 - 2014	<u>10,644</u>
	<u>\$436,871</u>

NOTE 5 - CLAIMS ARISING FROM RISKS OF LOSS:

The Village is exposed to various risks of loss to general liability, property and casualty, and workers' compensation.

The risks of loss arising from general liability up to \$1,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

NOTE 6 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted to the functional level.

During the year ended February 29, 2004, the Village incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated.

Village of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS (Continued):

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	\$107,185	\$115,655	\$8,470
	Public safety	116,214	118,061	1,847

NOTE 7 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended February 29, 2004, is as follows:

Permit revenues	\$ 17,882
Expenses:	
Direct	(16,988)
Indirect	<u>(1,788)</u>
Deficiency of revenues over expenses	\$ <u>(894)</u>

SUPPLEMENTARY INFORMATION

Village of Richland
BALANCE SHEET - General Fund
February 29, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 171,342	\$ 154,127
Receivables:		
Taxes	3,602	2,979
Accounts	-	2,067
Due from other governmental units	<u>16,081</u>	<u>18,591</u>
TOTAL ASSETS	<u><u>\$ 191,025</u></u>	<u><u>\$ 177,764</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 2,792	\$ 2,067
Accrued payroll liabilities	6,879	-
Due to other governmental units	<u>10,193</u>	<u>9,201</u>
TOTAL LIABILITIES	<u>19,864</u>	<u>11,268</u>
FUND BALANCE - unreserved, undesignated	<u>171,161</u>	<u>166,496</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 191,025</u></u>	<u><u>\$ 177,764</u></u>

Village of Richland**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund***Year ended February 29, 2004*

	2004			2003
	Budget	Actual	Variance favorable (unfavorable)	Actual
REVENUES:				
Taxes	\$ 220,100	\$ 234,410	\$ 14,310	\$ 205,659
Licenses and permits:				
Liquor license fees	900	968	68	947
Permits and inspections	17,988	17,932	(56)	19,994
Total licenses and permits	18,888	18,900	12	20,941
State grants - state shared revenue	52,000	49,066	(2,934)	52,794
Local unit contributions	7,190	7,390	200	-
Charges for services	4,700	5,888	1,188	9,194
Fines and forfeitures - district court fees	12,000	10,592	(1,408)	12,411
Interest and rentals	9,000	11,746	2,746	11,267
Other - refunds and donations	3,000	1,797	(1,203)	3,523
Total revenues	326,878	339,789	12,911	315,789
EXPENDITURES:				
Legislative - Village Council	5,045	5,038	7	4,489
General government:				
Audit and accounting	15,000	14,971	29	13,889
Legal fees	7,000	7,711	(711)	4,909
Elections	1,000	767	233	920
Clerk	18,625	19,247	(622)	18,167
Treasurer	11,845	12,297	(452)	11,788
Insurance	18,500	18,492	8	13,143
Hall and grounds	19,515	24,922	(5,407)	15,012
Administration	15,700	17,248	(1,548)	17,385
Total general government	107,185	115,655	(8,470)	95,213

Village of Richland**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
EXPENDITURES (Continued):				
Public safety:				
Police	\$ 90,025	\$ 90,880	\$ (855)	\$ 85,936
Fire	9,201	10,193	(992)	9,201
Building inspections department	16,988	16,988	-	18,994
Total public safety	116,214	118,061	(1,847)	114,131
Public works:				
Motor vehicle pool	6,120	4,270	1,850	5,161
Cable television	3,700	4,177	(477)	4,046
Street lighting	8,500	8,972	(472)	8,029
Water	1,800	-	1,800	-
Total public works	20,120	17,419	2,701	17,236
Recreation and culture				
Park maintenance	9,950	10,057	(107)	4,425
Trees and sidewalks	14,000	14,474	(474)	8,734
Total recreation culture	23,950	24,531	(581)	13,159
Community and economic development - planning and zoning	5,110	3,898	1,212	4,321
Capital outlay	18,669	17,798	871	32,214
Debt service:				
Principal	28,815	28,401	414	20,815
Interest	4,323	4,323	-	5,454
Total expenditures	329,431	335,124	(5,693)	307,032

Village of Richland
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)
Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,553)	\$ 4,665	\$ 7,218	\$ 8,757
OTHER FINANCING USES:				
Transfer to Local Street Fund	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(6,553)	4,665	11,218	8,757
FUND BALANCE - BEGINNING OF YEAR	<u>166,496</u>	<u>166,496</u>	<u>-</u>	<u>157,739</u>
FUND BALANCE - END OF YEAR	<u>\$ 159,943</u>	<u>\$ 171,161</u>	<u>\$ 11,218</u>	<u>\$ 166,496</u>

Village of Richland
COMBINING BALANCE SHEET - special revenue funds
February 29, 2004

	<u>Major Street</u>	<u>Local Street</u>	<u>Water Improvement</u>
ASSETS			
Cash	\$ 31,099	\$ 19,857	\$ 53,367
Due from state	<u>4,878</u>	<u>2,057</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 35,977</u>	<u>\$ 21,914</u>	<u>\$ 53,367</u>
FUND BALANCE	<u>\$ 35,977</u>	<u>\$ 21,914</u>	<u>\$ 53,367</u>

<u>Sidewalk Improvement</u>	<u>1987 Water</u>	<u>Totals</u>	
		<u>2004</u>	<u>2003</u>
\$ 17,604	\$ 88,451	\$ 210,378	\$ 219,521
-	-	6,935	6,695
<u>\$ 17,604</u>	<u>\$ 88,451</u>	<u>\$ 217,313</u>	<u>\$ 226,216</u>
<u>\$ 17,604</u>	<u>\$ 88,451</u>	<u>\$ 217,313</u>	<u>\$ 226,216</u>

Village of Richland**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - special revenue funds**

Year ended February 29, 2004

	<i>Major Street</i>	<i>Local Street</i>	<i>Water Improvement</i>
REVENUES:			
State grants	\$ 26,227	\$ 11,040	\$ -
Interest	493	374	600
Other	-	-	3,600
Total revenues	<u>26,720</u>	<u>11,414</u>	<u>4,200</u>
EXPENDITURES:			
Public works	33,892	15,350	-
Debt service:			
Principal	-	3,600	-
Interest	-	1,728	-
Total expenditures	<u>33,892</u>	<u>20,678</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,172)</u>	<u>(9,264)</u>	<u>4,200</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	6,100	-
Transfers to other funds	(6,100)	-	-
Total other financing sources (uses)	<u>(6,100)</u>	<u>6,100</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(13,272)</u>	<u>(3,164)</u>	<u>4,200</u>
FUND BALANCE - BEGINNING OF YEAR	<u>49,249</u>	<u>25,078</u>	<u>49,167</u>
FUND BALANCE - END OF YEAR	<u>\$ 35,977</u>	<u>\$ 21,914</u>	<u>\$ 53,367</u>

<u>Sidewalk Improvement</u>	<u>1987 Water</u>	<u>Totals</u>	
		<u>2004</u>	<u>2003</u>
\$ -	\$ -	\$ 37,267	\$ 35,143
153	2,901	4,521	4,718
-	499	4,099	4,102
153	3,400	45,887	43,963
-	220	49,462	40,738
-	-	3,600	3,461
-	-	1,728	1,867
-	220	54,790	46,066
153	3,180	(8,903)	(2,103)
-	-	6,100	-
-	-	(6,100)	-
-	-	-	-
153	3,180	(8,903)	(2,103)
17,451	85,271	226,216	228,319
<u>\$ 17,604</u>	<u>\$ 88,451</u>	<u>\$ 217,313</u>	<u>\$ 226,216</u>

Village of Richland**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - Major Street Fund**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
State grant - Motor Vehicle				
Highway Funds	\$ 25,000	\$ 26,227	\$ 1,227	\$ 24,797
Interest	500	493	(7)	1,004
Total revenues	<u>25,500</u>	<u>26,720</u>	<u>1,220</u>	<u>25,801</u>
EXPENDITURES:				
Public works:				
Routine maintenance	28,125	28,976	(851)	25,114
Winter maintenance	<u>6,385</u>	<u>4,916</u>	<u>1,469</u>	<u>3,795</u>
Total expenditures	<u>34,510</u>	<u>33,892</u>	<u>618</u>	<u>28,909</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(9,010)</u>	<u>(7,172)</u>	<u>1,838</u>	<u>(3,108)</u>
OTHER FINANCING USES:				
Transfer to Local Street Fund	<u>(6,375)</u>	<u>(6,100)</u>	<u>275</u>	<u>-</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>(15,385)</u>	<u>(13,272)</u>	<u>2,113</u>	<u>(3,108)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>49,249</u>	<u>49,249</u>	<u>-</u>	<u>52,357</u>
FUND BALANCE - END OF YEAR	<u>\$ 33,864</u>	<u>\$ 35,977</u>	<u>\$ 2,113</u>	<u>\$ 49,249</u>

Village of Richland**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - Local Street Fund**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
State grant - Motor Vehicle				
Highway Fund	\$ 9,500	\$ 11,040	\$ 1,540	\$ 10,346
Interest	250	374	124	539
Total revenues	<u>9,750</u>	<u>11,414</u>	<u>1,664</u>	<u>10,885</u>
EXPENDITURES:				
Public works:				
Routine maintenance	35,245	12,875	22,370	9,874
Winter maintenance	<u>1,065</u>	<u>2,475</u>	<u>(1,410)</u>	<u>1,570</u>
Total public works	<u>36,310</u>	<u>15,350</u>	<u>20,960</u>	<u>11,444</u>
Debt service:				
Principal	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,461</u>
Interest	<u>1,728</u>	<u>1,728</u>	<u>-</u>	<u>1,867</u>
Total expenditures	<u>41,638</u>	<u>20,678</u>	<u>20,960</u>	<u>16,772</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(31,888)</u>	<u>(9,264)</u>	<u>22,624</u>	<u>(5,887)</u>
OTHER FINANCING SOURCES:				
Transfer from General Fund	4,000	-	(4,000)	-
Transfer from Major Street Fund	<u>6,375</u>	<u>6,100</u>	<u>(275)</u>	<u>-</u>
Total other financing sources	<u>10,375</u>	<u>6,100</u>	<u>(4,275)</u>	<u>-</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(21,513)</u>	<u>(3,164)</u>	<u>18,349</u>	<u>(5,887)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>25,078</u>	<u>25,078</u>	<u>-</u>	<u>30,965</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,565</u>	<u>\$ 21,914</u>	<u>\$ 18,349</u>	<u>\$ 25,078</u>

Village of Richland

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - *Water Improvement Fund***

Year ended February 29, 2004

	<u>2004</u>		<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
			<u>Actual</u>
REVENUES:			
Interest	\$ -	\$ 600	\$ 600
Other - benefit charge	-	3,600	3,980
Total revenues	-	4,200	4,581
FUND BALANCE - BEGINNING OF YEAR	49,167	49,167	-
FUND BALANCE - END OF YEAR	<u>\$ 49,167</u>	<u>\$ 53,367</u>	<u>\$ 4,200</u>

Village of Richland

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - *Sidewalk Improvement Fund***

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
Interest	\$ -	\$ 153	\$ 153	\$ 206
Other	-	-	-	-
Total revenues	-	153	153	206
EXPENDITURES:				
Public works	-	-	-	275
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	153	153	(69)
FUND BALANCE - BEGINNING OF YEAR	<u>17,451</u>	<u>17,451</u>	<u>-</u>	<u>17,520</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,451</u>	<u>\$ 17,604</u>	<u>\$ 153</u>	<u>\$ 17,451</u>

Village of Richland

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - 1987 Water Fund**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
Interest	\$ -	\$ 2,901	\$ 2,901	\$ 2,368
Other	-	499	499	122
Total revenues	-	3,400	3,400	2,490
EXPENDITURES:				
Public works - contract services	-	220	(220)	110
EXCESS OF REVENUES OVER EXPENDITURES	-	3,180	3,620	2,380
FUND BALANCE - BEGINNING OF YEAR	85,271	85,271	-	82,891
FUND BALANCE - END OF YEAR	<u>\$ 85,271</u>	<u>\$ 88,451</u>	<u>\$ 3,620</u>	<u>\$ 85,271</u>

Village of Richland
COMBINING BALANCE SHEET - debt service funds
February 29, 2004

	<u>Sewer</u>	<u>Yorktown Sewer</u>	<u>East DE Ave. Sewer</u>
ASSETS			
Cash	\$ 1,792	\$ -	\$ 1,108
Receivables:			
Special assessments	45,909	-	429
Special assessments - delinquent	<u>220</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 47,921</u>	<u>\$ -</u>	<u>\$ 1,537</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 778	\$ -	\$ 985
Deferred revenue	<u>45,909</u>	<u>-</u>	<u>429</u>
Total liabilities	46,687	-	1,414
FUND BALANCE - unreserved, undesignated	<u>1,234</u>	<u>-</u>	<u>123</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 47,921</u>	<u>\$ -</u>	<u>\$ 1,537</u>

<i>Bunker Hill Sewer</i>	<i>32nd Street Sewer</i>	<i>Totals</i>	
		<i>2004</i>	<i>2003</i>
\$ 6,430	\$ 473	\$ 9,803	\$ 4,186
94,944	93,633	234,915	303,348
<u>1,917</u>	<u>-</u>	<u>2,137</u>	<u>2,731</u>
<u>\$ 103,291</u>	<u>\$ 94,106</u>	<u>\$ 246,855</u>	<u>\$ 310,265</u>
\$ 5,986	\$ -	\$ 7,749	\$ -
<u>94,944</u>	<u>93,633</u>	<u>234,915</u>	<u>303,348</u>
100,930	93,633	242,664	303,348
<u>2,361</u>	<u>473</u>	<u>4,191</u>	<u>6,917</u>
<u>\$ 103,291</u>	<u>\$ 94,106</u>	<u>\$ 246,855</u>	<u>\$ 310,265</u>

Village of Richland**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - debt service funds***Year ended February 29, 2004*

	<u>Sewer</u>	<u>Yorktown Sewer</u>	<u>East DE Ave. Sewer</u>
REVENUES:			
Interest	\$ 3,585	\$ -	\$ 168
Other - special assessments	<u>10,007</u>	<u>-</u>	<u>2,206</u>
Total revenues	<u>13,592</u>	<u>-</u>	<u>2,374</u>
EXPENDITURES:			
Debt service:			
Principal	10,007	-	2,206
Interest	<u>3,914</u>	<u>52</u>	<u>168</u>
Total expenditures	<u>13,921</u>	<u>52</u>	<u>2,374</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(329)	(52)	-
FUND BALANCE - BEGINNING OF YEAR	<u>1,563</u>	<u>52</u>	<u>123</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,234</u>	<u>\$ -</u>	<u>\$ 123</u>

<i>Bunker Hill</i>	<i>32nd Street</i>	<i>Totals</i>	
<i>Sewer</i>	<i>Sewer</i>	<i>2004</i>	<i>2003</i>
\$ 5,917	\$ 5,813	\$ 15,483	\$ 6,917
<u>39,500</u>	<u>15,700</u>	<u>67,413</u>	<u>116,508</u>
<u>45,417</u>	<u>21,513</u>	<u>82,896</u>	<u>123,425</u>
39,500	15,700	67,413	91,079
<u>7,468</u>	<u>6,607</u>	<u>18,209</u>	<u>25,429</u>
<u>46,968</u>	<u>22,307</u>	<u>85,622</u>	<u>116,508</u>
(1,551)	(794)	(2,726)	6,917
<u>3,912</u>	<u>1,267</u>	<u>6,917</u>	<u>-</u>
<u>\$ 2,361</u>	<u>\$ 473</u>	<u>\$ 4,191</u>	<u>\$ 6,917</u>

Village of Richland

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - *Trust and Agency Fund*

Year ended February 29, 2004

	<i>Balance March 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance February 29, 2004</i>
TRUST AND AGENCY FUND				
ASSETS				
Cash	<u>\$ 2,463</u>	<u>\$ 38,939</u>	<u>\$ 38,561</u>	<u>\$ 2,841</u>
LIABILITIES				
Due to other governmental units	\$ 2,453	\$ 38,939	\$ 38,561	\$ 2,831
Due to others	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
Total liabilities	<u>\$ 2,463</u>	<u>\$ 38,939</u>	<u>\$ 38,561</u>	<u>\$ 2,841</u>

Village of Richland
SCHEDULE OF INDEBTEDNESS
February 29, 2004

	<u>Maturity year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total requirements</u>
\$40,000 5.93% Note payable - bank	2005	\$ 543	\$ 4,762	\$ 5,305
	2006	280	5,025	5,305
	2007	28	1,982	2,010
		<u>\$ 851</u>	<u>\$ 11,769</u>	<u>\$ 12,620</u>
\$100,000 4.0% State Infrastructure Loan	2005	\$ 3,169	\$ 7,487	\$ 10,656
	2006	2,869	7,787	10,656
	2007	2,558	8,098	10,656
	2008	2,234	8,422	10,656
	2009	1,897	8,759	10,656
	2010	1,547	9,109	10,656
	2011	1,182	9,474	10,656
	2012	804	9,852	10,656
	2013	409	10,235	10,644
		<u>\$ 16,669</u>	<u>\$ 79,223</u>	<u>\$ 95,892</u>
\$10,350 4.75% Note payable - bank	2005	\$ 124	\$ 2,722	\$ 2,846
	2006	15	1,206	1,221
		<u>\$ 139</u>	<u>\$ 3,928</u>	<u>\$ 4,067</u>
\$21,692 4.6% Note payable - bank	2005	\$ 352	\$ 5,596	\$ 5,948
	2006	98	4,779	4,877
		<u>\$ 450</u>	<u>\$ 10,375</u>	<u>\$ 10,825</u>